



MAY 20 2013



The Honorable John McCain
United States Senate
Washington, D.C. 20510

Dear Senator McCain:

Thank you for your letter to President Barack Obama dated March 7, 2013, co-signed by Senator Flake, concerning the Joint Federal Agency Statement Regarding Navajo Generating Station and the U.S. Environmental Protection Agency's (EPA) proposed rulemaking to implement the Best Available Retrofit Technology (BART) requirement of the Clean Air Act for the Navajo Generating Station (NGS). We have been asked to respond on the President's behalf.

Congress established the national goal of restoring visibility in National Parks and Wilderness Areas to natural conditions and directed EPA to take action to reduce visibility impairment in these areas. The NGS is located on the Navajo Nation in northern Arizona near eight National Parks and three Wilderness Areas, and is less than 20 miles from the eastern boundaries of the Grand Canyon National Park. The scenic vistas at the Grand Canyon, and the other National Parks and Wilderness Areas near NGS, draw millions of visitors each year to Arizona and other states in the Southwest. These visitors contribute approximately \$1 billion annually to the region's economy.

We share your interest in ensuring a path forward for NGS that continues to provide economic support to the Navajo Nation and Hopi Tribe and avoids increasing the costs of water to Native American communities, farmers, and residential water customers in Arizona as much as possible. For the past 3 years, EPA and the Department of the Interior (DOI) have communicated extensively with many tribes, and with members of the agricultural community, the owners of NGS, Central Arizona Water Conservation District, and other stakeholders. We understand the significance of NGS to numerous entities and tribes located in Arizona, including the Navajo Nation, Hopi Tribe, and Gila River Indian Community. We also recognize our shared Federal trust responsibility for tribes and their members.

The DOI has numerous interests in NGS and its emissions, the most significant of which include Bureau of Reclamation's 24.3 percent interest in NGS power generation, which supports the delivery of Central Arizona Project water and the implementation of several Indian water settlements, the National Park Service's management of eight National Parks affected by NGS emissions, the Bureau of Indian Affairs approval of leases and rights-of-way on tribal trust lands in furtherance of the DOI's trust responsibilities to Indian tribes, and the Office of Surface Mining's oversight of permitting at the Kayenta Coal Mine. The DOI's multiple interests in NGS and its many stakeholders, in combination with EPA's BART rulemaking, provided the

primary impetus to the issuance of the DOI-EPA-Department of Energy's Joint Federal Agency Statement and creation of a joint Federal agency working group regarding NGS.

The EPA's goal in issuing a proposed BART determination for NGS was to develop a flexible approach that could support continued plant operation well into the future. The EPA's unique proposal describes three alternatives to the proposed BART determination and encourages interested parties to suggest additional options. The alternatives are designed to provide flexibility to the owners in light of the other processes that are currently underway, such as lease renewals. The proposal provides this flexibility by crediting NGS for the early and voluntary reduction of nitrogen oxide emissions beginning in 2009, and extending the compliance time for achieving BART emissions reductions to 10 years or longer. As a result, we believe that the proposal recognizes the many factors at play with NGS and the uncertainties that currently exist, and the additional time provided makes it easier for the owners to plan for the future of the plant. In response to requests from stakeholders, and in recognition of the complex issues surrounding NGS, EPA extended the original 90 day comment period on this proposal for another 90 days. The EPA looks forward to receiving comments on alternatives and other issues related to the proposal and will consider all information in its final decision.

The EPA's analysis in the proposed BART rule demonstrates that the installation and operation of the proposed BART controls at NGS would result in the largest visibility improvements in the Nation from the control of a single stationary source. This analysis considers all the information and analyses submitted in response to its Advanced Notice of Proposed Rulemaking, including the National Renewable Energy Laboratory report cited in your letter and new information from many sources. The analysis also projects significantly lower capital costs for the controls that would be required under the proposed rule than those reflected in your letter.

Congress charged the EPA and the Federal land managers with protecting and improving visibility in our National Parks and Wilderness Areas. We share and appreciate your concern in ensuring a path forward for protecting visibility in these treasured natural areas that honors our obligations to tribes and supports the short and long term sustainability of the regional economy.

If you have further questions, please contact either of us or your staff may call Deputy Director Stephenne Harding in DOI's Office of Congressional and Legislative Affairs at (202) 208-7693, or Mr. Josh Lewis in EPA's Office of Congressional and Intergovernmental Relations at (202) 564-2095.

Sincerely,



Sally Jewell
Secretary
Department of the Interior



Bob Perciasepe
Acting Administrator
Environmental Protection Agency



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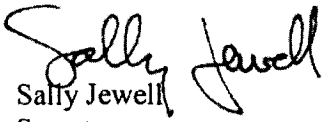
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